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A FULL-ISSUE STUDY

Chain Store Age

GENERAL MERCHANDISE TRENDS DECEMBER 1986

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ZAYRE: WILL DIVERSIFICATION PAY OFF?

TWO DOLLARS PER ISS

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Apparel markdowns spur October sales

The 16 retail companies tracked by *Chain Store Age* posted an 11.5% sales gain in October. Since the month compares to one of 1985's weakest reporting periods, the figures are more modest than they appear at first blush.

Half of the chains recorded monthly increases below their year-to-date performance. For the first nine months of the current fiscal year, combined sales for the 16 chains are up 10%.

Many had expected sales for big ticket durables to take off in October, as consumers took a last shot at interest payment deductions before next year's tax reform stripped revolving credit of its preferred status. However, the boom never materialized.

Though Sears would not comment, some analysts attributed its modest 0.6% sales uptick to sagging major appliance sales. Sears, though, was never among the believers that tax law changes would spur sales for big ticket items this year.

Sears economist Tom Swanstrom, figuring that the tax savings for average middle-class families would be miniscule, has for some time now been championing the notion that tax changes would not affect big ticket sales this year—either up or down.

In fact, apparel was the leader for most retailers in October. Warm weather in September had left inventories slightly bloated, and customers were quick to buy up October's markdowns.

K mart, where sales gained 11.2% over last year and comparable-store volume was up 7.9%, reported that apparel increases were especially strong. For the year, K mart's same-store results are 5.8% ahead of 1985.

Dayton Hudson tagged knitwear, faded denim and basic and printed fleece as popular apparel trends in the month. Bestselling accessories included gold and diamond jewelry and reptile skin belts and bags. In hard lines, the leaders were televisions, camcorders and ready-to-assemble furniture.

Dayton Hudson president Boake A. Sells said that sales were strong in new stores opened in the month, but that comparable store figures suffered from a slow pace in the final week. Mervyn's same-store results gained only 1%, while Target posted a 4% increase and the department stores 11%.

J. C. Penney noted that demand was strong for women's and men's sportswear and outerwear, with sales particularly strong for both junior and young men's lines. Good results were also reported for women's special occasion dresses, fine jewelry, handbags, scarves and cosmetics.

Sales for J. C. Penney's catalog division continue to outstrip the rest of the company. For the first nine months of the fiscal year, Penney's catalog volume is running 14.1% ahead of last year's pace. Comparable-store results for J. C. Penney stores themselves are up 6.4% from 1985.

At May Dept. Stores, the problems of its newly acquired Caldor discount stores continue. In October the Northeast-based discount chain's same-store results dipped 1.3% and are now only 1% ahead for the year. For comparison, Venture discount stores recorded a 15.5% comparable-store gain in October and an 8.1% same-store uptick for the first nine months.

11.5% gain beats weak month in '85

		October sales*		Stores		9-mo. sales*		
Major chains	% change	1986	1985	1986	1985	1986	1985	% change
Sears[1,2]	+ 0.6	$ 2,044,667	$2,031,657	803	796	$18,579,159	$18,194,899	+ 2.1
Penney[2]	+ 8.7	989,000	910,000	1,876	1,978	8,863,000	8,335,000	+ 6.3
Ward[1,2]	+ 3.5	326,800	316,800	293	316	2,918,300	2,909,200	+ 0.3
Dayton Hudson	+ 12.4	716,800	637,600	1,268	1,204	6,340,000	5,700,000	+ 11.2
Federated[4]	+ 7.3	656,100	611,400	494	486	5,719,000	5,460,900	+ 4.7
May Dept. Stores	+ 10.5	764,600	692,100	2,705	2,354	6,930,000	6,310,000	+ 9.8
Allied Stores	+ 6.3	335,400	315,600	691	637	2,988,100	2,768,200	+ 7.9
Carter Hawley Hale	+ 5.0	334,400	317,500	316	297	2,747,300	2,605,200	+ 5.5
Mercantile	+ 10.6	149,558	135,220	82	80	1,359,455	1,259,594	+ 7.9
K mart[5]	+ 0.6	1,702,800	1,528,700	2,189	2,176	16,202,300	15,074,500	+ 7.5
Wal-Mart	+ 42.0	1,032,000	727,000	991	853	8,062,000	5,678,000	+ 42.0
Zayre	+ 33.7	436,100	326,100	1,075	961	3,638,200	2,742,700	+ 32.7
Bradlees	+ 8.5	153,000	141,000	158	158	1,228,000	1,028,000	+ 19.5
Tandy	+ 18.4	288,831	243,923	N/A	N/A	2,311,272	2,003,842	+ 15.3
Circuit City	+ 73.1	77,900	45,000	84	101	625,500	400,800	+ 56.1
Federated Group	+ 21.8	30,200	24,800	65	49	281,700	227,700	+ 23.7
Totals & Averages	+ 11.5	$10,038,156	$9,004,400	—	—	$88,793,286	$80,698,535	+ 10.0

'000 omitted N.C. no change N.A. not available
[1]Store number for full-line outlets only. [2]Domestic operations only. [3]Continuing operations only. [4]Excludes supermarket sales. [5]Store number for K mart stores only.

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